

MAY 04 2011

Docket No. PP-230-4

**ANSWER OF INTERNATIONAL TRANSMISSION COMPANY d/b/a
ITC*Transmission* TO LATE MOTION TO INTERVENE AND COMMENTS OF
FIRSTENERGY SERVICE COMPANY**

On April 21, 2011, FirstEnergy Service Company filed an untimely motion to intervene and comments in this proceeding on behalf of its several load serving and power marketing affiliates (collectively referred to as the “FirstEnergy Companies”). International Transmission Company d/b/a ITC*Transmission* (“ITC”) hereby responds to that pleading as follows:

I. INTRODUCTION

In this proceeding, ITC has applied to amend its Presidential Permit No. PP-230-3, pursuant to which it owns and operates electric transmission facilities on the U.S./Canada border connecting with facilities owned by Hydro One Networks, Inc. (“Hydro One”). Specifically, ITC seeks authority to install and operate two 700 MVA phase angle regulating transformers (“PARs”) at its Bunce Creek Substation at Marysville, Michigan. The new PARs will replace a 675 MVA PAR which failed while in service in 2003. ITC’s application to amend its permit was filed on January 5, 2009 and was noticed by the Department of Energy (“DOE”) on February 4, 2009 (74 Fed. Reg. 6606 (Feb. 10, 2009)).

The application, among other things, clearly stated that the new Bunce Creek PARs would normally be operated “so that actual flow [across the Michigan-Ontario interface] matches scheduled flow, to the maximum extent possible” (Application at 6). In this respect, the

operating plan for the new PARs was unchanged from that approved by DOE for the original Bunce Creek PAR. (*See*, Article 3 of Presidential Permit PP-230-2, issued April 19, 2001, stating that “...under normal system conditions, ITC shall operate the phase-shifting transformer in the B3N facility such that the electrical flow on the Michigan-Ontario interface will match the Michigan-Ontario scheduled transactions across the interface.”)

On March 25, 2011, PJM Interconnection, L.L.C. (“PJM”) filed a late petition to intervene and comments in this case. PJM has apparently been receiving certain cost-free transmission and congestion relief as a result of Lake Erie loop flow. Accordingly, it urged, in effect, that this agency should condition its approval of the new PARs to require that they be operated to control loop flow only when it was necessary to do so to avoid causing congestion. PJM urged that at all other times, loop flow around Lake Erie should be allowed to continue unrestricted, so as to enable PJM to continue to enjoy the benefits that loop flow apparently now provides to the PJM system.

ITC filed an answer to PJM’s motion to intervene and comments on April 11, 2011. ITC showed (1) that the excuse proffered by PJM for failing to intervene in this proceeding on a timely basis was patently inadequate, and (2) that PJM’s proposal to prevent loop flow from being controlled to the maximum practical extent is unprecedented, is inconsistent with ITC’s existing Presidential Permit and is at odds with the recommendations of all entities and all prior studies that have addressed the loop flow issue. Because PJM’s tardy intervention request and its proposal regarding PARs operations are thus lacking in merit, ITC urged that PJM’s late motion to intervene, and the various requests for relief included therein, should be denied.

The FirstEnergy Companies serve load and/or market power in PJM’s control area. They are thus beneficiaries of the cost-free transmission and congestion relief that PJM has apparently

been receiving as a result of loop flow and that it is now attempting to preserve by impeding efforts to control loop flow. In their late motion to intervene and comments, they have adopted and supported PJM's proposal that the new PARs should only be allowed to restrict loop flow around Lake Erie when that is necessary to avoid causing congestion.

II. DISCUSSION

Since the FirstEnergy Companies have merely adopted PJM's position and have not presented any new facts or arguments or proffered any new excuse for their failure to intervene on a timely basis, their untimely motions for leave to intervene and comments do not require a separate response. Rather, for the reasons set forth in ITC's April 11, 2011 answer to PJM, which ITC hereby incorporates by reference, the request of the FirstEnergy Companies for late intervention, and their requests for additional relief, are without merit and should be denied.

III. CONCLUSION

For the reasons set forth above, the motion for late intervention and for additional relief filed in this case by the FirstEnergy Companies on April 21, 2011, should be denied in its entirety.

Respectfully submitted,

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Dated: May 4, 2011

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY**

International Transmission Company)
d/b/a ITC*Transmission*)

Docket No. PP-230-4

CERTIFICATE OF SERVICE

I hereby certify that I have caused a copy of the foregoing document to be served on each person on the attached list on this 4th day of May, 2011.

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